



American Institute of CPAs  
1455 Pennsylvania Avenue, NW  
Washington, DC 20004-1081

May 23, 2016

Mr. Gilbert Tran  
Office of Federal Financial Management  
Office of Management and Budget  
New Executive Office Building  
Washington, DC 20503

**Form SF-SAC 2016 Comments – 30 Days PRA**

Dear Mr. Tran:

The American Institute of CPAs (AICPA) is the world's largest member association representing the accounting profession, with more than 400,000 members in 128 countries, and a history of serving the public interest since 1877. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. The AICPA sets ethical standards for the profession and U.S. auditing standards for private companies, nonprofit organizations, federal, state, and local governments. It develops and grades the Uniform CPA Examination, and offers specialty credentials for CPAs who concentrate on personal financial planning; forensic accounting; business valuation; and information management and technology assurance.

On behalf of the AICPA and its Governmental Audit Quality Center (GAQC), we appreciate the opportunity to comment on the final proposed revisions to the Data Collection Form (SF-SAC or the Form), related Form instructions, and burden of collection estimates. We continue to support an update to both the Form and instructions to reflect changes needed for 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and appreciate the Office of Management and Budget's (OMB) responsiveness to our comments on the previous draft of the Form.

The Appendix to this letter includes our remaining overarching concerns and detailed comments. We hope that these matters can be addressed in the final version of the Form and instructions and encourage OMB to issue these documents as soon as possible.

This comment letter was prepared based on input received by members of the AICPA that have expertise in preparing the Form. We would be happy to discuss these comments with OMB representatives. Please contact me at 202-434-9259 or [mfoelster@aicpa.org](mailto:mfoelster@aicpa.org) if you have any specific questions or would like to schedule a follow-up discussion.

Sincerely,

A handwritten signature in black ink that reads "Mary M. Foelster". The signature is written in a cursive, flowing style.

Mary M. Foelster  
Director, Governmental Auditing and Accounting

cc: GAQC Executive Committee

**Overarching Comments**

*Pilot Project.* The request for comment (notice) describes a pilot project currently underway to combine the reporting of the Form and the Schedule of Expenditures of Federal Awards (SEFA). It also discusses a concept form that will be used for the pilot project but for which comments are not being asked for at this time. This project is of great interest to auditors as they are required to report on the SEFA and complete a considerable portion of the Form. We ask that OMB, working with the pilot agency leader (the U.S. Department of Health and Human Services), ensure that the AICPA is involved as the pilot progresses. Our involvement will help ensure that any changes being considered are feasible from an auditor reporting perspective. It may also be useful for the nonfederal entities that participate in the pilot to include their auditors as part of the process.

*Potential Need for Further Submission Extension.* As a result of the delayed issuance of the final SF-SAC, the Federal Audit Clearinghouse (FAC) posted an extension on its Web site through July 31, 2016, for any Uniform Guidance single audit submission due prior to July 31, 2016. We recommend OMB consider providing a further extension if the final Form is not issued by early June. Auditees and auditors should be given at least two months to make submissions after the Form's release, especially since some auditors have already completed numerous Uniform Guidance single audits.

*Paperwork Reduction Act (PRA) Compliance Concerns and Associated Burden.* As noted in our previous letter, SF-SAC collections may have been made for an extended period of time in the past on an expired OMB control number. This is not in compliance with the PRA. While OMB recently obtained emergency approval for the SF-SAC under the PRA through May 31, 2016, it appears that OMB may again be accepting collections on an expired OMB Form in the near future. We continue to encourage OMB to prioritize complying with PRA and updating the Form on a timely basis. As noted in our previous comment letter, these ongoing Form delays present a significant burden to both auditees and auditors.

*Burden Estimates for Smaller Entities.* We appreciate that OMB increased the burden estimate from 65 hours to 100 hours for larger entities. However, the burden estimate for smaller entities remains at 20 hours. As noted in our previous comment letter, we received feedback from auditors of smaller entities indicating that the 20 hour estimate seemed low when considering the effort needed by the auditee and auditor to complete the Form. The notice does not indicate the steps OMB took to verify that 20 hours remains appropriate. We continue to recommend that OMB perform more detailed research with entities of various sizes and their auditors to develop realistic estimates that acknowledge the true complexities involved in preparing the Form. Additionally OMB should be more specific and transparent about how the estimates are developed going forward.

*Inconsistent Use of "Federal Program" and "Federal Awards."* In our previous letter, we provided specific citations of areas of confusion in the Uniform Guidance surrounding the required level of reporting for "federal programs" versus "federal awards." Ultimately, confusion in this area could affect the consistency regarding the level at which the Form and SEFA are to be prepared. The OMB response to this comment (in the notice) focuses on the ability of the FAC system to auto-generate the total federal awards expended for each federal program. While this may be the case, we continue to believe OMB should consider clarifications to the Uniform Guidance for the issues we raised in our previous letter. Doing so will ensure more clarity in overall reporting going forward.

## Comments on the Form

*Part II, Item 1(c), Additional Award Identification.* We recommend a footnote be added to this item on the Form to inform the preparer that this field is optional if Part II, Item 1(b) includes a valid extension. Additionally, it should include a description of the type of information that may be appropriate for inclusion (e.g., contract numbers, state issued numbers, etc.).

*Part IV, Item 2, Auditor Statement.* We noted one fatal flaw with the last sentence of the required auditor statement. It indicates that a copy of the reporting package is available in its entirety on the FAC Web site. It is not appropriate for an auditor to assert to this statement since it will not have occurred at the time the auditor signs the Form. Furthermore, access to the FAC is occasionally interrupted for long periods of time so there may be periods when the reporting package will not be available on the FAC Web site. To address this issue, we strongly recommend the following changes to the last sentence of the auditor statement.

*A copy of the reporting package required by the Uniform Guidance, which includes the complete auditor's report(s), is required to be made available by the FAC on the FAC web site. It is also available in its entirety from the auditee at the address provided identified in Part I of this form and on the FAC web site.*

## Comments on the Form Instructions

*Part I, Item 5(a), Auditee Name.* The instruction for this item asks for the auditee name and states, "This name should match exactly to the name assigned to the primary EIN by the IRS." This "exact match" requirement may be problematic for certain entities. For example, many governments issue departmental financial statements and have their single audits performed at the departmental level (e.g., a state department of transportation). We are uncertain whether such departments will always have their own Internal Revenue Service Employer Identification Number (EIN) or whether they use the EIN of the primary government. We recommend that OMB investigate whether the "exact match" requirement for this field will be problematic by asking the staff of National Association of State Auditors, Comptrollers, and Treasurers or by asking federal agencies that often receive departmental financial statements (e.g., Department of Transportation). If this research determines there are occasions where the name may be different than the EIN, the instructions should be modified to explain how this situation should be handled.

*Part II, Item 1(b), CFDA Three Digit Extension.* The "What's New" section of the instructions states that this item will "only collect three digit CFDA extensions listed in the Catalog of Federal Domestic Assistance (CFDA)." Based on further discussions with the FAC staff, we believe the FAC system will include an automated validation feature against CFDA.gov. For this feature to work, it is imperative that the FAC system be kept up-to-date to include all active and archived programs from CFDA.gov. We recommend that the instruction for this item provide more detail on how this validation will work, as well as specific instructions for situations where the extension provided in this item is not recognized by the FAC system. See our related comment below on Part II, Item 1(d) below.

*Part II, Item 1(b), Programs with No CFDA Number or the CFDA Number is Unknown.* The instructions define the format for situations where the CFDA number is unknown (e.g., 15.U01). In light of the delay in the Form's issuance, many entities will have already issued their Schedule of Expenditures of Federal Awards (SEFA) and will not have used this numbering format. If this field of the Form is not editable, there will likely be differences between the information in the SEFA and the Form. OMB should be clear in the instructions that there is no expectation that previously issued SEFAs (or those nearing completion) be reissued (or revised) if a different numbering mechanism has been used in the SEFA. Further, the Uniform Guidance does not require this numbering system in the SEFA. OMB should consider issuing a Council on Financial Assistance Reform (COFAR) frequently asked question emphasizing that while the Uniform Guidance does not require this numbering system, auditees are encouraged to use it on their SEFAs for the sake of consistency with the Form. Finally, see our prior comment letter for a suggestion that OMB require all federal

programs to have a CFDA number to avoid unnecessary time and effort by both auditees and auditors.

*Part II, Item 1(d), Name of Federal Program.* The instructions indicate the name will be pre-populated from the list of names on CFDA.gov based on the CFDA number that is input. Similar to an earlier comment, it is imperative that the FAC system be kept up-to-date to include all active and archived programs from CFDA.gov. The instructions should also be revised to provide guidance for potential future situations where there is a problem with the pre-population function and the system does not recognize a valid CFDA number/name.

*Part II, Item 1(f), Cluster Name.* We have several concerns with this item as follows.

- With regard to “other clusters,” it is our understanding that a drop down box will appear and that a prepopulated list of clusters from the latest OMB *Compliance Supplement* (Supplement) will be provided to select from. The instruction should be clarified to better explain the procedure.
- “Other clusters” are defined in each Supplement for a period from July 1<sup>st</sup> to June 30<sup>th</sup>. We are concerned that the FAC pre-populated list of “other clusters” may not be maintained timely, especially since the Form is based on a calendar year. We understand from discussion with the FAC staff that the system will permit the entry of a cluster name if it does not appear on the list. However, there is no mention of this in the instructions. It should be added to the instructions, along with the specific steps to take when an “other cluster” name does not appear.
- The “What’s New” section states the following: “For state clusters, the auditee will enter an X followed by a two digit number in the cluster name column to identify the specific award lines in the cluster of programs as designated by the state to its subrecipients.” This detail seems more appropriate to be included in the instructions.
- The “What’s New” description and the instruction for this item refers to “Student Financial Aid.” The appropriate title for this program is “Student Financial Assistance.”

*Part II, Item 1(j), End of Audit Period Outstanding Loan Balance.* This item is to be complete when Part II, Item 1(i) is answered “Yes.” There are certain loan programs at institutions of higher education (e.g., CFDA 84.268), when loans are made to students of an institution but the institution does not make the loans. For these programs, only the value of loans made during the audit period must be considered federal awards expended in that audit period and the balance of loans for previous audit periods are not included as federal awards expended because the lender accounts for the prior balances. We are unclear how these programs would be handled in this Item. That is, Item 1(i) would be answered “Yes,” but the end of audit period loan balance is not relevant. In many cases, the institution does not know the direct loan balances because the federal government, as the lender, is making the loans and accounts for the balances. The instruction for this item should be modified to explain that in these circumstance, the end of period balance would not be entered.

*Part II, Item 1(o), Total Amount Passed Through.* This item states: This amount should be the same for all Federal awards that are part of the same Federal program.” Based on discussions with FAC staff, we believe this instruction is intended to have the preparer write the same pass-through amount on multiple lines if a federal program has multiple awards. However, we are concerned that the instruction may not be as clear to others that have been less involved with commenting on the Form. To ensure consistent data entry, we recommend an example be included in the instructions to illustrate this concept.

*Editorial Change.* In the first paragraph of the instructions, there is an extra parenthesis after the word “available.” It should be deleted.